

DEPARTMENT OF SOCIAL SERVICES



February 22, 1984

ALL-COUNTY LETTER NO. 84-26

TO: ALL COUNTY WELFARE DIRECTORS

Attention: AFDC Quality Control Supervisors
AFDC Quality Assurance Supervisors

SUBJECT: AFDC-QC Review of Payment Adjustments

REFERENCE: All-County Letter 80-25, April 23, 1980
All-County Information Notice I-74-81, June 16, 1981

This memo is informational only to the non-monitored counties. The same information was transmitted October 14, 1983, as instructions to the State QC staff and County QC staff of the monitored counties, and were effective with the October 1983 - March 1984 sample period and thereafter.

This memo revises and consolidates QC policy and procedures contained in the referenced memos. The memos described AFDC-QC policy for conducting the review of cases that involved underpayment or overpayment adjustments which were intended for, or reflected in, the review month's payment. All previous instructions written or verbal are superseded.

The affected issues are presented in the following order:

- I. Adjustment which is intended for a prior month's payment.
 - A. Determining the effect on the review month's payment.
 - B. Income exceeds needs prior to application of the adjustment.
- II. Adjustment made to correct the grant for review month.
 - A. Addition of persons to the FBU in the review month.
 - B. Supplement to correct an underpayment for the review month.
 - C. The mid-month payment is returned or held.
 - D. Case does not appear on the regular payroll for the first day of the pay period.
- III. Review month's supplement, cost-of-living adjustment.

I. Adjustment which is intended for a prior month's payment.

The amount of this type of adjustment is accepted as correct. The accuracy of the review month's payment must be determined and verified before the application of the adjustment. The reviewer must verify that the adjustment was for a prior month and not an adjustment to the review month's payment. After verifying what the adjustment was for a prior month, the reviewer will include the adjustment in determining the total aid due for the review month. The amount entered in Item 18, Integrated Review Schedule - Part A, will reflect the review month's budgeted needs plus or minus the adjustment for the prior month.

All supplements which represent an adjustment for a prior month will be included in the total aid paid the case so long as it was received in the review month, regardless of when authorized.

A. Determining the effect on the review month's payment.

Prior to applying the adjustment to the review month's budgeted needs, the reviewer will determine that the aid authorized for the review month, prior to sample selection, was correct, overpaid, or underpaid. A computation should be entered in element 413 of the AFDC Integrated Worksheet. Examples follow:

Underpayment Adjustments

1) Case Record

QC

\$100 Prior month budgeted needs
 + 50 Adjustment
 (a) \$150 = Total amount actually received

\$ 90 Prior month budgeted needs
 + 50 Adjustment
 (b) \$140 = Total amount which should have been received

Error

(a) \$150 Total amount actually received
 (b) -140 Total amount which should have been received
 \$ 10 Overpaid for review month - [(a) is greater than (b)]

2) Case Record

QC

\$100 Prior month budgeted needs
 + 50 Adjustment
 (a) \$150 = Total amount actually received

\$150 Prior month budgeted needs
 + 50 Adjustment
 (b) \$200 = Total amount which should have been received

Error

(a) \$200 Total amount which should have been received
 (b) -150 Total amount actually received
 \$ 50 Underpaid for review month- [(b) is greater than (a)]

Overpayment Adjustments

1) Case Record

QC

\$100 Prior month budgeted needs
 - 50 Adjustment
 (a) \$ 50 = Total amount actually received

\$ 90 Prior month budgeted needs
 - 50 Adjustment
 (b) \$ 40 = Total amount which should have been received

Error

(a) \$ 50 Total amount actually received
 (b) - 40 Total amount which should have been received
 \$ 10 Overpaid for review month - [(a) is greater than (b)]

2) Case Record

QC

\$100 Prior month budgeted needs
 - 50 Adjustment
 (a) \$ 50 = Total amount actually received

\$ 40 Prior month budgeted needs
 - 50 Adjustment
 \$ 00 = Total amount which should have been received

Error

(a) \$ 50
 (b) - 00 Total amount which should have been received
 \$ 50 Overpaid for review month - [(a) is greater than (b)]

B. Income exceeds needs prior to application of the adjustment.

Where income exceeds budgeted needs prior to the application of a supplemental amount, the case is overpaid; and where income exceeds budgeted needs prior to application of an overpayment adjustment, the case is ineligible.

Examples:

Underpayment Adjustment

Case Record

QC

\$ 75 Prior month budgeted needs
 + 50 Adjustment
 \$125 = Total amount actually received

\$ 00* Prior month budgeted needs
 + 50 Adjustment
 \$ 50 = Total amount which should have been received

Error

\$125 Total amount actually received
 - 50 Total amount which should have been received
 \$ 75 Overpayment error for review month

*Income exceeds budgeted needs prior to application of the adjusted amount.

Overpayment Adjustment

QC

Case Record

\$ 75 Prior month budgeted needs
 - 50 Adjustment
 \$ 25 = Total amount actually
 received

\$ 00* Prior month budgeted needs
 - 50 Adjustment
 \$ 00 = Total amount which should
 have been received

Error

\$ 25 Total amount actually received
 - 00 Total amount which should have been received
 \$ 25 Ineligibility error for review month

II. Adjustment made to correct the grant for the review month.

The accuracy of any review month's payment is generally determined by comparing the FBU's circumstances as of the first day of the payment period (calendar or fiscal) with the applicable eligibility and payment standards. However, changes in circumstances can occur in the review month or the month immediately prior that could affect the FBU's eligibility and/or grant amount.

Such changes should be investigated and documented in the QC file. If the county welfare department (CWD) acted on the change(s) in circumstances prior to sample selection, then the change and any grant adjustments are subject to review. This includes changes that result in the authorization of prorated needs for the review month. The amount of the adjustment(s) will be reviewed and verified for accuracy. If the CWD's action results in a discrepancy, then QC will cite a regular error.

A. Addition of persons to the FBU in the review month.

QC will include in its review all FBU members whose needs were authorized for the review month prior to sample selection. Prorated payment for an individual(s) added to the FBU after the first day of the review month will be reviewed and will be included in the payment amount entered in Item 18, Integrated Review Schedule - Part A.

Examples:

1) Review Month - October FBU(2) - \$424 FBU(3) - \$526

The recipient contacts the CWD on September 21 to report that a child had returned to the home in September and to request aid for the child. The CWD determines that all conditions of eligibility existed as of the date of the request for aid. On October 5, the CWD authorizes aid (\$102) to meet the child's needs effective October 1.

QC will review to the accuracy of the \$526 (\$424 + \$102) authorized for October. QC will determine and verify the eligibility of all FBU members as of October 1. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$526.

*Income exceeds budgeted needs prior to application of the adjusted amount.

- 2) Review Month - October FBU(2) - \$424 FBU(3) - \$526

Same situation as above except that the child did not possess a social security number as of the date of the request for aid. The recipient applied for the child's social security number on October 2; on the same date, the recipient furnished the CWD with the proof of application. On October 5, the CWD authorized a prorated payment (\$89) to meet the child's needs effective October 5.

QC will review to the accuracy of the \$513 (\$424 + \$89) authorized for October. QC will determine and verify the eligibility of the recipient and the first child as of October 1; and determine and verify the eligibility of the second child as of October 5. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$513.

B. Supplement to correct an underpayment for the review month.

QC will review supplemental payments made to correct an underpayment for the review month, if they are authorized on/or before sample selection, regardless of when the payment is issued.

Examples:

1) Review Month - October

An FBU of 2 is budgeted a grant of \$200 for October. The CWD determines that the income computation for the budget month (August) is incorrect. On October 12, the CWD authorizes a supplemental payment (\$50) for October.

QC will review to the accuracy of the \$250 (\$200 + \$50) authorized for October. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$250.

2) Review Month - October

Same as above, except that the supplemental amount was authorized after sample selection, e.g., October 20.

QC will review the case as if the \$50 supplement was never authorized. If QC agrees that the FBU was entitled to \$250 in October, and no other payment errors are found, then a \$50 underpayment will be cited. Although the CWD took action to correct the underpayment in the review month, QC will not recognize the supplemental payment for October because it was authorized after sample selection. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$200.

C. The mid-month payment is returned or held.

QC will use the following guidelines to review cases in which the mid-month payment has been returned or held:

1. If the mid-month payment is returned and reissued, or held and later released in the same amount, then QC will include the mid-month payment as part of the payment under review. The payment need not be reissued or released in the review month, but it must be reissued or released prior to the end of the sample period, e.g., October - March.
2. If the mid-month payment is returned or held and later reissued/ released in a different amount, and the adjusted amount was not authorized prior to sample selection, then QC will review to the accuracy of the initial mid-month payment. QC will include the initially authorized mid-month payment as a part of the payment under review.
3. If the mid-month is held and later cancelled and the action to hold this payment is not authorized prior to sample selection, then QC will review to the accuracy of the initially authorized mid-month payment. QC will include the held and cancelled payment as part of the payment under review.

Examples:

a) Review Month - September

An FBU of 2 is budgeted a grant of \$200. The mid-month payment is held and later released in the same amount, but not until October 5.

QC will review to the accuracy of the \$200 authorized for September. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$200 (even though the mid-month payment for September was not paid in September).

b) Review Month - October

An FBU of 2 is budgeted a grant of \$200. The CWD determines that the income computation for the budget month (August) is incorrect. On October 14, the CWD holds and cancels the mid-month payment (\$100) and authorizes an adjusted payment of \$50. The adjusted amount was issued on October 26.

QC will review to the accuracy of the \$150 (\$100 + \$50) authorized for October. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$150.

c) Review Month - October

Same situation as above, except that while the mid-month payment was held and cancelled on October 14, the adjusted payment was not authorized until after sample selection, e.g., October 19.

QC will review the case as if the \$50 adjustment was never made. If QC agrees that FBU was entitled to \$150 in the review month (instead of the originally budgeted \$200), and there are no other payment errors found in the case, then a \$50 overpayment will be cited. Although the CWD took action to correct the overpayment situation, QC will not recognize the adjusted payment because it was not authorized prior to sample selection. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$200.

d) Review Month - October

An FBU of 4 is budgeted a grant of \$300. The CWD determines that the income computation for the budget month (August) is incorrect. On October 13, the mid-month payment is held and cancelled.

QC will review to the accuracy of the \$150 authorized for October. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$150.

- D. Case does not appear on the regular payroll for the first day of the pay period.

There may be instances where a case selected for review does not appear on the regular payroll for the first day of the pay period, (calendar or fiscal). Such cases can only be dropped as "listed in error" if aid for the case is not subsequently authorized for review month prior to sample selection.

Authorization prior to sample selection is the deciding factor. QC's decision to review the case will not be affected by, 1) an authorization which represents prorated needs for the review month, i.e., the authorization occurred after the first, or 2) whether the payment authorized for the review month is received in the review month.

Examples:

1) Review Month - October

The FBU's aid is terminated effective September 30 because the estimated total income of the FBU for October will exceed the 150% income limit. The case does not appear on the regular payroll for the first day of the payment period. The FBU reports on October 4 that employment ceased in September and the FBU did not receive the anticipated income. The CWD verified this with the employer. The termination action is rescinded. A grant for October is budgeted and on October 13 aid is authorized (\$200) retroactive to the first day of October.

QC will review this case. QC will determine and verify all eligibility factors for the FBU as of the first day of October; and determine the accuracy of the \$200 authorized for October. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$200.

2) Review Month - October

The FBU's aid is terminated effective September 30 because the FBU failed to submit the CA 7 for August. The case does not appear on the regular payroll for the first day of the payment period. The FBU brings the completed CA 7 in to CWD on October 5 and requests a restoration of benefits. The CWD determines that the FBU has met all eligibility criteria as of the date of the request for restoration. A grant for October is budgeted and on October 10 the CWD authorizes aid (\$150) for October prorated from the tenth of October.

QC will review this case. QC will determine and verify all eligibility factors for the FBU as of the tenth of October and determine the accuracy of the \$150 authorized for October. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$150.

III. Review month's supplements, cost-of-living-adjustments (COLA)

Supplemental payments for the review month authorized after sample selection (usually the 16th of the month), will not be included in the total aid paid to the case in the review month, unless it is the result of a delay in the State's approval of the cost-of-living adjustment for AFDC recipients.

Example:

Review Month - September

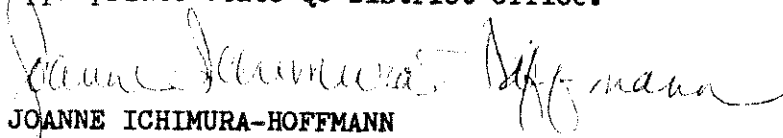
The case is budgeted a grant of \$408 for September. The State's approval of the cost-of-living adjustment for AFDC recipients was delayed making it necessary to issue supplemental payments to eligible cases. Authorizing action is taken on September 20 to supplement the case: 1) \$32 to reflect the COLA for July and August; and 2) \$16 to reflect the COLA due the case for September. The supplemental payments were issued in September.

QC will review to the accuracy of the \$424 authorized for September. The amount entered in Item 18, Integrated Review Schedule - Part A, is \$456. This represents the amounts authorized for the case prior to sample selection, the prior month's supplement issued in the review month and the COLA authorized for the review month.

NOTE: Prior month's supplements are included in the total aid paid, regardless of authorization date, if issued in the review month.

The policy and procedures presented in the memo are in compliance with the October 1982 Quality Control Manual, Section 3 and consistent with current federal QC interpretation. These instructions are effective with the October 1983 federal and state samples and ongoing.

If you have any questions regarding these instructions, please contact the appropriate State QC District office.


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cc: CWDA